Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 066602

20
ORIGIN EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 /098 R

66616
DRAFTED BY EB/ITP:BJMOHLER
APPROVED BY EB/OT/GCP:DDUNFORD
EB/OT/STA:ECONSTABLE
EB/OT/TA:HBREWSTER
EB/OT/GCP:DTMORRISON
ARA/ECP:MDAVILA
ARA/CAR:TEMACKLIN
STR:BSTEINBOCK
AGRICULTURE:RHARPER
COMMERCE:ROLIVER
---------- 129140
R 242250Z MAR 75
FM SECSTATE WASHDC
TO AMEMBASSY PORT OF SPAIN
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON
USDEL MTN GENEVA

LIMITED OFFICIAL USE STATE 066602

C O R R E C T E D C O P Y (OMISSION LINE 7, PARA 3)

E.O. 11652: N/A
TAGS: ETRD, TD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 066602

SUBJECT: GOTT AND THE TRADE ACT OF 1974

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

REFS: (A) PORT O 496; (B) STATE 55671 ; .

1. PER REFTEL A, FOLLOWING ARE DEPARTMENT'S COMMENTS ON QUESTIONS RAISED BY GOTT OFFICIALS CONCERNING IMPLE-MENTATION OF TRADE ACT OF 1974. ;.

2. CANADA-WEST INDIES TRADE AGREEMENT. FOR GENERAL POLICY DISCUSSION ON APPLICATION OF TRADE ACT TO QUESTIONS OF POSSIBLE REVERSE PREFERENCES SEE REFTEL B. WE DO NOT UNDERSTAND WHY QUOTE OTHER CONCESSIONS UNQUOTE CANADA WOULD SEEK IN LIEU OF PREFERENTIAL ADVANTAGE-- PRESUMABLY MFN TARIFF OR NON-TARIFF BARRIER REDUCTION WHICH COULD BE NEGOTIATED IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) -- WOULD POSE PROBLEM FOR TRINIDAD FROM POINT OF VIEW OF GATT MEMBERSHIP.

3. RECIPROCITY. THERE IS CONSIDERABLE DIVERSITY AMONG DEVELOPING COUNTRIES AND THE AMOUNTS OR FORM OF RECIPROCITY CAN ONLY BE DETERMINED ON AN INDIVIDUAL BASIS IN THE CONTEXT OF THE MTN. WE WILL EXPECT SOME DEGREE OF RECIPROCITY CONSISTENT WITH THE COUNTRY'S ECONOMIC DEVELOPMENT GOALS, BUT WE WILL MAINTAIN FLEXIBILITY AS TO FORM OR EXTENT. THERE ARE SEVERAL FORMS THAT DEVELOPING COUNTRY RECIPROCITY MIGHT TAKE. FOR EXAMPLE: (A) LIBERA-LIZATION AND RATIONALIZATION OF IMPORT FORMALITIES AND CUSTOMS PRACTICES; (B) REDUCTION OF UNNECESSARILY HIGH TARIFFS WHICH ARE INCONSISTENT WITH ECONOMIC DEVELOPMENT; (C) DEFERRED TARIFF CUTS OR CONCESSIONS STAGED OVER RELATIVELY LONG TIME; (D) POSSIBLE BINDING OF TARIFFS ON SOME ITEMS; (E) DEVELOPING COUNTRY PARTICIPATION IN CODES OF CONDUCT WHICH THEY WILL HELP TO NEGOTIATE; E.G. NTB CODES. FYI THIS IS NOT AN INCLUSIVE LISTING OF ALL THE FORMS OF CONTRIBUTIONS THAT LDC'S MAY MAKE IN MTN. END FYI

4. VALUE-ADDED CRITERION UNDER GSP. TO RECEIVE PREFERENTIAL TARIFF TREATMENT UNDER THE TRADE ACT, AN ELIGIBLE ARTICLE MUST BE IMPORTED DIRECTLY INTO THE UNITED STATES FROM A BENEFICIARY DEVELOPING COUNTRY. THE COMBINED COST OF PROCESSING AND PRIMARY INPUTS PRODUCED IN THE BENEFICIARY DEVELOPING COUNTRY MUST EQUAL OR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

EXCEED A FIXED PERCENTAGE, 35 PERCENT FOR AN INDIVIDUAL COUNTRY AND 50 PERCENT WHEN INPUTS FROM TWO OR MORE COUNTRIES ARE COUNTED, OF THE U.S. APPRAISED VALUE OF THE FINAL IMPORT. THERE IS NO PROVISION IN THE ACT FOR THE USE OF A BASIC MATERIALS LIST, NOR IS THERE ANY AUTHORITY WHICH COULD ALLOW AN EXCEPTION TO BE MADE FOR BASIC MATERIALS.
5. USE OF DONOR COUNTRY CONTENT. WE UNDERSTAND THAT THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

GSP SCHEMES OF JAPAN, NEW ZEALAND, CANADA, AND AUSTRALIA (BUT NOT THAT OF THE EC) ALLOW DONOR COUNTRY CONTENT TO BE INCLUDED IN COMPUTING THE VALUE OF MATERIALS PRODUCED IN THE BENEFICIARY DEVELOPING COUNTRY OR THE DIRECT COSTS OF PROCESSING PERFORMED IN THAT COUNTRY. TRADE ACT WOULD SPECIFICALLY EXCLUDE THE POSSIBILITY OF INCLUDING MATERIALS PRODUCED IN THE UNITED STATES AS QUOTE LOCAL CONTENT UNQUOTE IN CALCULATING LOCAL VALUE-ADDED FOR THE PURPOSES OF THE TRADE ACT. FYI - THIS CONCEPT IS UNPOPULAR WITH MANY GROUPS IN THE U.S. BECAUSE IT IS SEEN AS ENCOURAGING QUOTE RUNAWAY PLANTS UNQUOTE AND THE EXPORTING OF JOBS. END FYI.

6. SECTION 301 (A)(3). NEITHER THE TRADE ACT NOR THE LEGISLATIVE HISTORY STATE PRECISELY WHAT SITUATIONS ARE CONTEMPTED BY SECTION 301 (A)(3) FOR WITHDRAWING OR WITHHOLDING TRADE AGREEMENT BENEFITS FROM COUNTRIES WHOSE SUBSIDIZED EXPORTS HAVE THE EFFECT OF SUBSTANTIALLY REDUCING SALES OF COMPETITIVE U.S. SALES IN THIRD COUNTRIES. PREFERENTIAL AGREEMENTS OF THE TYPE INDICATED ARE NOT TO BE CONSIDERED SUBSIDIES.

7. COUNTERVAILING DUTIES. DEPARTMENT CONCURS IN VERY ADEQUATE EXPLANATION GIVEN GOTT OFFICIALS ON COUNTERVAILING DUTIES AND EXPORT SUBSIDIES AND INCENTIVES. FOR POST'S FUTURE INFORMATION, MORE PRECISE STATEMENT OF OUR INTENTIONS IN THIS AREA IS THAT WE HOPE TO OBTAIN INTERNATIONAL AGREEMENT ON A CODE COVERING SUBSIDIES AND COUNTERVAILING DUTIES FOR ALL PRODUCTS. WITHIN THE CONTEXT OF SUCH A CODE, WE ARE WILLING TO DISCUSS POSSIBILITY OF SPECIAL TREATMENT FOR DEVELOPING COUNTRIES. TRADE ACT SPECIFICALLY PROVIDES FOR DIFFEREHTIAL TREATMENT IN NTB NEGOTIATIONS. KISSINGER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, GOVERNMENT REACTIONS, STUDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE066602
Document Source: CORE
Document Unique ID: 00
Drafter: BJMOHLER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750107-0217
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750320/aaaaasgx.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 PORT O 496, 75 STATE 55671
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2003 by KelleyW0>; APPROVED <18 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOTT AND THE TRADE ACT OF 1974
TAGS: ETRD, PFOR, TD, US
To: PORT OF SPAIN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006